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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X
In re :
: Chapter 11
SEARS HOLDINGS CORPORATION, *et al.*, :
: Case No. 18-23538 (RDD)
: Debtors.¹ : (Jointly Administered)
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**LIMITED OBJECTION OF ICON OWNER POOL 1 SF BUSINESS PARKS, LLC TO
MOTION OF DEBTORS FOR ENTRY OF ORDER APPROVING SALE OF SEARS
HOME IMPROVEMENT BUSINESS**

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SRC Sparrow 1 LLC (None); SYW Relay LLC (1870); Wally Labs LLC (None); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); SRC Sparrow 2 LLC (None); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); SRC O.P. LLC (None); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); SRC Facilities LLC (None); and SRC Real Estate (TX), LLC (None). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

Icon Owner Pool 1 SF Business Parks, LLC (“IOP1”), by and through its undersigned counsel, hereby files this limited objection (the “Limited Objection”) to the *Motion of Debtors for Entry of Order (i)(A) Approving Bidding Procedures for Sale of Sears Home Improvement Business (B) Approving Stalking Horse Bid Protections, (C) Scheduling Auction for and Hearing to Approve Sale of Sears Home Improvement Business, (D) Approving Form and Manner of Notice of Sale, Auction, and Sale Hearing, (E) Approving Assumption and Assignment Procedures, (ii) Approving the Sale of Sears Home Improvement Business in Accordance with the Stalking Horse Agreement, and (iii) Granting Related Relief* (ECF No. 450) (the “Motion”), filed by the above-captioned debtors and debtors-in-possession (collectively, the “Debtors”), more specifically this limited objection relates to the cure amount set forth by the Debtors in their Notice of Assumption and Assignment in Connection with Sale of Sears Home Improvement Business filed with the Court on November 27, 2018 [ECF No. 901]. In support thereof, IOP1 respectfully states as follows:

STATEMENT OF LIMITED OBJECTION

1. On November 3, 2018, the Debtors filed the Motion relating to the sale of the Sears Home Improvement business (the “SHIP Business”).
2. On November 27, 2018, the Debtors filed that certain Notice of Assumption and Assignment in Connection with Sale of Sears Home Improvement Business (the “SHIP Assumption Notice”).
3. The SHIP Assumption Notice identifies a lease between Sears Home Improvement Products, Inc. (“Tenant Debtor”) and IOP1 at 283 East Airway Blvd, Livermore, CA 94551 (the “Livermore Lease”) as one of the unexpired leases to be assumed and assigned to Service.com (“Stalking Horse Bidder”) and sets forth a proposed cure amount of \$0.

4. IOP1 objects to the Motion because the SHIP Assumption Notice fails to identify the full balance owed to IOP1 by the Tenant Debtor under the Livermore Lease in that it fails to include Tenant Debtor's proportionate share of operating expenses. Specifically, IOP1 asserts that not less than \$3,194.96 is due to IOP1 under the Livermore Lease through November 18, 2018 on account of Tenant Debtor's proportionate share of operating expenses as detailed in the schedule attached hereto as Exhibit A. For the avoidance of doubt, the foregoing amount is subject to further adjustment until the Tenant Debtor surrenders possession of the subject property. IOP1 therefore reserves the right to amend this Limited Objection.

5. Bankruptcy Code § 365(b)(1)(A) requires the Debtors to pay the full amount of the monetary defaults under the Livermore Lease. That Bankruptcy Code section was enacted to ensure that "the contracting parties receive the full benefit of their bargain if they are forced to continue performance." *Eastern Airlines Inc. v. Inc. Co. (In re Ionosphere Clubs, Inc.)*, 85 F.3d 992, 999 (2d Cir. 1996 (citation omitted)).

6. Unless modified, the Debtors' proposed Order attached to the Motion will absolve both the Debtors and the Stalking Horse Bidder of liability for the shortfall or payments accrued prior to the date of assignment.

7. Accordingly, IOP1 objects to the Motion to preserve its right to payment of all amounts due under the Livermore Lease and to the entry of the proposed Order granting the Motion unless the Debtors and the Stalking Horse bidder acknowledge and agree, either before or at the hearing on the Motion, to pay the accrued and unpaid operating expenses due under the terms of the Livermore Lease.

8. For the avoidance of doubt, and although IOP1 is willing to negotiate in good faith, IOP1 objects to any effort by the Debtors or the Stalking Horse Bidder to extend or modify the term of the Livermore Lease by and through the Motion.

9. For the further avoidance of doubt, the Stalking Horse Bidder has not yet responded to requests by IOP1 for adequate assurance information and all rights and arguments of IOP1 are therefore reserved in relation to the same.

WHEREFORE, IOP1 (A) objects to the cure amount set forth on the SHIP Assumption Notice, (B) objects to the entry of the Proposed Order unless the Debtors and the Stalking Horse Bidder acknowledge and agree, either before or at the hearing on the Motion, to pay IOP1 all amounts due under the Livermore Lease in relation to operating expenses, and (C) requests the Court award it such other and further relief as the Court deems just and proper.

Dated: New York, New York
December 11, 2018

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EXHIBIT A

EP Settlement Calculation Report.

Fiscal Year 2018

Business Unit: 68551 Airway Bus. Ctr-203-283
 Lease ID: 41541
 Lease Version: 2
 Unit No: 00283
 Tenant Name: SEARS HOME IMPROVEMENT PRODUCT-68551
 Escalation Type: Combined Operating RET Exp

Escalation Computation

Allowable Expenses	\$	466,623.98
x Tenant Pro-Rata Share		.085500
Gross Tenant Liability		39,896.35
x Percent of Year Occupied		100.0000%
Net Tenant Liability		39,896.35
Less: Billed Prepayment		36,701.39
Amount Due / (Overpaid)	\$	3,194.96

Building Expense Pool

Property Administrative Exp	8,757.63
Cleaning Expense	5,869.89
Repairs and Maintenance Exp	56,576.69
HVAC Expense	18.36
Security and Safety Expense	12,270.27
Parking Expense	8,789.02
Utility Expense	56,163.59
Insurance Expense	23,707.01
Real Estate Tax Expense	222,330.23
Amort of Capital Expense	12,157.75
Management Fee	59,983.54
Total Allowable Expenses	\$ 466,623.98